

PRODUCERS 88-PAID UP
Rev. 5-60, No.-2 - 10pt.-Amended

OIL AND GAS LEASE

(Paid-Up)

THIS AGREEMENT is made and entered into the 1st day of April, 2010, by and between Roy Rothe and Bonnie Rothe, whose address is 24334 WCR 61, Kersey, CO 80644, hereinafter called Lessor (whether one or more);

and
TARH E&P Holdings, L.P., whose address is 98 San Jacinto Boulevard Suite 800, Austin, Texas 78701, hereinafter called Lessee.

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10.00+) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Weld, State of Colorado, described as follows, to-wit:

Township 5 North, Range 63 West, 6th P.M.
Section 30: E/2SE/4

and containing 80.00 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of ~~three (3) years~~ ^{2 years} from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbon separated at Lessee's separator facilities, the royalty shall be 20% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the wellhead market price then prevailing in the same field (or if there is no such price, then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be 20% of the net proceeds realized by Lessee (after deducting the taxes and costs set forth in subsection 3(c) hereof) from the sale thereof, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase arrangements entered into on the same or nearest preceding date as the date on which lessee or its affiliate commences its purchases hereunder; and (c) in calculating royalties on production hereunder, lessee may deduct Lessor's proportionate part of any ad valorem, production and excise taxes, and any costs incurred by Lessee in treating (including without limitation, dehydrating and sweetening), processing, gathering, transporting, compressing, delivering and otherwise marketing such production, without regard as to any judicial determination as to when or where such gas may be deemed to be marketable.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without the written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or in part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land,

Addendum to Oil and Gas Lease
Roy and Bonnie Rothe to TARH E&P Holdings, L.P., dated April 1, 2010

The following provisions shall be a part of this lease as though they were part of the lease form. In the event of a conflict between the provisions of this Addendum and the provisions in the body of the lease, the provision of the Addendum shall control.

1. Lessee, within five days after commencing earth moving operations in connection with each well drilled on the Premises, shall mail its check to Lessor, at the address shown above, in the aggregate amount of Seven Thousand Five Hundred Dollars (\$7,500.00), which amount shall constitute payment in full by Lessee for the following:

A. All normal damages associated with the drilling, completion, operation and maintenance of the involved well. Normal damages include, but are not limited to, construction of access roads, preparation and use of the drillsite area, preparation and use of reserve pits, and construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries, and other equipment or facilities necessary or convenient for the production, transportation and sale of oil and/or gas therefrom.

B. All damages caused to the Premises in connection with the installation and connection by Lessee's gas purchaser of a buried pipeline from Lessee's well equipment on the Premises to such purchaser's pipeline.

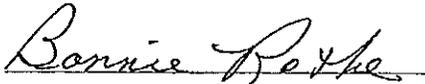
2. If, as a result of Lessee's operations, abnormal damages are suffered by the Premises or personal property thereon, such as damage to cattle, structures, fences, culverts, pivot systems, growing crops and cement ditches, Lessee shall promptly pay for or repair such damage. In addition, Lessee shall rip areas which are compacted by Lessee's operations, but which will not be used by Lessee for ongoing production activities, to a depth of not less than 2 feet.

3. Lessee and Lessor agree that all claims, including damage to growing crops, from surface tenants shall be settled by Lessor without recourse to Lessee. Tank battery facilities shall be located as requested by Lessor unless such placement would materially interfere with production from the well. Drilling mud may be mixed with soils during pit reclamation.

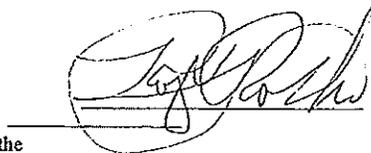
4. Lessor, for itself and its tenants, hereby waives all notice requirements in connection with the Well and requests that the Colorado Oil and Gas Conservation Commission expedite the issuance of a drilling permit. A copy of this lease shall be deemed for all purposes as valid as the original.

5. Lessee agrees that drilling operations shall only be conducted before crops are planted or after crops are harvested, unless Lessor has given prior written consent.

Signed for Identification:



Bonnie Rothe



Roy Rothe